

FIMCIR/2025-26/06

Date: May 26, 2025

TO ALL MEMBERS AND STAKEHOLDERS,

FIMMDA-Dispute Resolution Committee
NDS-OM-Erroneous Trades

A reference is drawn to FIMMDA circulars [FIMCIR/2023-24/27 dated 27th October 2023](#) and [FIMCIR/2024-25/08 dated 03rd May 2024](#), issued on the captioned subject.

Attention of all stakeholders is also drawn to RBI circular no. [RBI/2012-13/316 IDMD.DOD.No.06/10.25.66/2012-13 dated 6th December 2012](#) and [FIMMDA Code of Conduct for NDS OM](#) applicable for all participants on the NDS-OM platform.

In the recent past there has been a sudden increase of erroneous trades referred to the FIMMDA-Dispute Resolution Committee (DRC), with a request for reversal.

The increase in erroneous trades are not conducive for the smooth conduct of the market. This spurt in erroneous trades, especially viewed in the light of extant guidance that stakeholder institutions must adopt a process of judicious filters and oversight process, to avoid unintended errors by the dealers.

Regulators have also expressed their concern in this regard.

An analysis of the incidences referred to DRC as erroneous, it is observed that:

1. More often than not the errors are result of the internal filters set up being wide and that the errors could have been avoided if the set filter criteria were appropriately assessed.
2. Such erroneous bids / offers placed, despite being obviously off-market levels are being traded (hit) by the counter parties often resulting in the claims for reversal and attendant avoidable dispute.

While FIMMDA does not prescribe the ideal filter, such filters need to be meaningful as a key prudent practice to mitigate against possible errors by the dealing personnel.

Thus, it is expected that each Institution would decide on an optimum filter level based on their trading activity and internal risk policies.

In view of the above, Head of Treasuries of all user institutions on NDS-OM are advised:

- a) To ensure that appropriate internal Risk management parameters are setup while dealing on NDS-OM and such Operational Risk Control parameters are reviewed periodically.
- b) Primary members maintaining Constituent's account (CSGL) should also review the Operational Risk Control Parameters (ORCP) set for their Constituents on a periodical basis.
- c) The internal filters be appropriately set dealer wise judiciously in alignment with internal policies and risk guidelines to avoid erroneous trades.
- d) The dealing personnel are expected not to take undue advantage by concluding trades using the erroneous standing Bid / Offer.
- e) Sensitize the dealing personnels suitably to avoid recurrence of erroneous trade.

Members / Stakeholders are requested to take note of the same.

Regards,

Sd/-

G. Ravindranath
Chief Executive Officer